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TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) POLICY MANUAL

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502.1 AMOUNT OF PAYMENT -

A. In the TANF Program - The amount of the monthly payment is the amount of the budgetary deficiency (the appropriate standard of assistance for the assistance unit, as specified in Section 304, less countable income, as specified in Section 305), plus the TANF Match Payment, if any, adjusted to the next lower dollar, except as provided below:

1. Maximum Reimbursable Payment in TANF - Because of limitation in State funds in the TANF category, the State Board has approved for purposes of reimbursement to localities:

- a. A ratable reduction in the standard of need for TANF.
- b. An overall maximum amount of payment established for each group of localities, as shown in [Appendix 2](#) to Section 304.

Any locality wishing to meet up to the full (100%) standard of need and/or to meet the full budgetary deficiency, even though in excess of the maximum reimbursable amount may do so provided (a) the full (100%) standard of assistance is not exceeded in determining need; (b) the additional cost is paid from local funds and (c) the percentage of need met and/or the policy with respect to payment are used in all cases in the locality.

Note: When a TANF Match Payment is included in the monthly payment, and the TANF benefit, plus the TANF Match Payment, exceeds the maximum for the assistance unit, the maximum will not apply and the full amount of the combined payment will be issued. However, the amount representing the TANF benefit must not exceed the maximum for the size of the assistance unit.

2. Minimum Payment - If the budgetary deficiency is less than \$10.00, no payment is made. However, if an assistance unit's ineligibility is based solely on this minimum payment provision, the case will be approved and retained as an active TANF case.

The minimum payment rule does not apply when a combined payment (monthly benefit plus TANF Match Payment) is issued. The check will be issued provided the combined payment is at least \$1.00.

- B. In Emergency Assistance to Needy Families with Children - The total payment which may be granted to a family under the Emergency Assistance program must not exceed **\$500.**

502.2 PERIOD COVERED BY PAYMENT -

- A. Payment covers need for the entire calendar month of eligibility (Section 401.1.I.), except when eligibility is determined in the same month in which an application for financial assistance is received or when an individual is added to an existing case. No payment may be issued, however, prior to the date of application. The effective date of payment is the date that initial eligibility for assistance or a change in amount of assistance begins.

No payment shall be made on an approved application for periods prior to the date of application. If the beginning date of assistance is not the first of the month, the benefit for that month must be prorated. This is accomplished by dividing the amount payable by 30 days, regardless of the total number of days in such month. This amount is then multiplied by the actual days in the month including and following the date of authorization. Additionally, when an individual is added to an existing case, the individual's portion of the grant must be prorated for the first month of eligibility with the beginning date of payment established in accordance with Section 401.2.B.2.c.

Example #1: A Group II locality receives a signed application from Ms. Doe on August 18. She requested assistance for herself and two (2) children and reports no income. The agency determined she is eligible to receive an assistance payment on August 24. The beginning date of assistance for Ms. Doe is August 18. The agency will compute her first month's payment based on the following information:

1. 14 days = number of days for which Ms. Doe is eligible to receive assistance in August.
2. \$320.00 - payment amount for full month's benefit.

The method of computation is as follows:

$$\$320.00 \div 30 = \$10.67 \times 14 = \mathbf{\$149.33}$$

\$149.00 grant (rounded down)

Example #2: A Group II locality receives an application on August 5 requesting assistance for a mother and two (2) children. The family receives Social Security of \$88.50 each month. The agency determines eligibility on August 10. The beginning date of assistance for Ms. Doe is August 5. The first payment will be computed as follows:

$$\$320.00 - \$88.50 = \$231.50 \text{ full month deficit}$$

$$\$231.00 \div 30 = \$7.70 \text{ daily rate}$$

$$\$7.70 \times 27 \text{ days} = \$161.70 \text{ prorated deficit}$$

\$161.00 grant (rounded down)

Example #3: On September 5, a timely report is received that on that date a sibling of the child(ren) in the assistance unit moved back into the home. The child being added has unearned income of \$30 per month. Eligibility for the child is established on September 13. However, the payment is prorated for the period beginning September 5 (26 days), the date the required unit member entered the home.

\$320 current grant

\$382 - \$30 = \$352 full grant after adding child

\$352 - \$320 = \$32 child's portion to be prorated

\$32 ÷ 30 = \$1.07

\$1.07 x 26 days = \$27.82

\$27.00 (rounded down) supplement for September

If the individual's presence in the home is not reported timely, payment for the first month of eligibility will be prorated from the date the change was reported or became known to the agency. Or, if the unit failed or refused to cooperate in establishing eligibility without good cause, payment will be prorated from the date the last categorical verification is received or eligibility condition is met. (Refer to Section [401.2.B.2.c.](#))

- B. In TANF-UP - Follow Policy in [502.2 A.](#) except when a second parent enters the home in an existing TANF case. Policy in [401.2 B.2.c](#) addresses handling the addition of a second parent.
- C. In Emergency Assistance - Payment covers specified needs related to the emergency as specified in Section [203.2](#). Payment is also limited to coverage of needs arising or anticipated during the 30-day period following initial authorization of EA.

502.3 METHOD OF PAYMENT - Financial assistance under the TANF program **is made** available to eligible recipients in the form of a money payment in cash or check or **direct deposit**, with no restrictions imposed by the agency on the use of funds by the individual.

The following exceptions are permitted:

- A. In TANF, a "protective" vendor payment may be made under conditions specified in Section 502.7.
- B. In TANF, payment may be made for day care by vendor service payment under conditions specified in Section 403.7.
- C. In Emergency Assistance, payment may be made either as a money payment to the recipient or by the vendor method to the provider of goods or services,* whichever is more practicable and advantageous to the family, except that the State Board has ruled that payment for purchase, repair, moving or storage of household equipment must be made by the vendor method.

502.4 DESIGNATED PAYEE - The persons who may be designated as payee are as follows:

A. Money Payment

- 1. The grantee-relative with whom the eligible child(ren) is living. The grantee-relative is ordinarily the caretaker, but may be other than the caretaker in some situations. Examples:
 - a. A child's father receives SSI and is the grantee-relative for the TANF payment which includes the mother as needy caretaker;
 - b. A 16 year old mother is the caretaker in an TANF grant, but her mother, with whom she lives, is the grantee-relative; such a grantee-relative, if needy, may be included in the assistance unit (see Section 302.7.A.).
 - c. An assistance unit consists of a 22 year old parent and her children. However, a specified relative also residing in the home is exercising primary responsibility for care and control of the children and, therefore, is the grantee-relative.
- 2. The legal representative of the grantee-relative, if one has been appointed and has qualified.
- 3. The protective payee, under conditions specified in Section 502.7.

* 45 CRF 233.120(b)(2)(i)

4. An emergency payee in an existing case, when a situation, such as sudden death, desertion, imprisonment, or commitment to a mental hospital, unexpectedly deprives the child of the care of the grantee relative. Payment to an emergency payee is for a temporary period, limited to the time necessary to make and carry out plans for the child's continuing care and, in any event, not exceed three months.

B. Vendor Payment - The provider of goods and/or services.

502.5 ISSUANCE OF PAYMENT

A. Issuance Date -

1. The Monthly Money Payment - **If the effective date is either the date of application or the first of the month following the month of application, benefits should be authorized at the time of approval. ADAPT will issue the payment 2 - 3 days later.** Subsequent ongoing monthly payments will be mailed on the first of the month to cover the needs for that month.
2. Supplemental Payment - A supplemental payment is defined as a payment given in addition to the pre-authorized assistance payment as a result of a change in circumstances which increases need for a specific month.

Supplementary checks are to be issued immediately using an effective date of the first of the month for which the check is being written.
3. Vendor Payments are to be issued after the end of the month, upon receipt of a bill from the provider of goods or services. When protective vendor payments are made in TANF, under conditions specified in Section 502.7, it may be necessary in some instances to issue such payments at intervals during a month.
4. TANF Match Payments - TANF Match Payments are defined as current child support paid on behalf of a case, less \$50. The Match payments are issued in the second month following receipt and are issued with the TANF benefits as a single payment.

B. Mailing of Checks - All checks, including the initial money payment, are to be mailed via the United States Postal Service, unless the recipient has a justifiable reason for calling in person at the office for the check or for asking that the check be delivered directly to him at his place of residence. Such reasons should be stated by the recipient in writing and his signed and dated written request should be filed in the case record. A receipt should be secured for any checks delivered personally in the office or in the home. Proper identification should be requested if there is any doubt as to the identity of the recipient.

C. Direct Deposit - The process by which TANF benefits are electronically posted to a client's bank account. Direct deposit will continue until:

- The client provides a written request to stop the direct deposit,
- The TANF case closes,
- The client makes changes to the bank account which causes the direct deposit not to post, or
- The client's circumstances change, such as an emergency payee is attached to the case.

The client must be provided the Direct Deposit Enrollment Authorization form (032-03-672) if he requests direct deposit. The form is available at <http://localagency.dss.state.va.us/divisions/bp/tanf/forms.cgi>. To set up a direct deposit, cancel direct deposit, or if the direct deposit does not post to the client's bank account, see Section 500, Appendix 1, Check Handling Procedures.

D. Emergency Payments - Emergency payments shall be issued by local boards in emergency situations or in the event of delay or error in a State issuance of checks for payments of assistance.* The State agency is to reimburse the local board for such payments. In emergency situations which result from lost or stolen checks, the State Department shall assume liability for losses incurred by local boards due to fraudulent acts by recipients provided, however, the local agency referred the case to the Commonwealth Attorney and the decision to prosecute or not has been made by the Commonwealth Attorney. Emergency payments must be issued in these two situations:

1. In the event of lost or stolen checks, a replacement check must not be issued until after the fourth mail delivery. The State Department of Social Services and the local agency must ensure that no undue delays occur in issuing replacement checks. A replacement check must be issued upon receipt of notification that the stop payment process has been completed. This includes receipt of three notarized affidavits by the State Department of Social Services Fiscal Processing Unit. Refer to Appendix I to Chapter 500 for detailed check handling procedures. The Affidavit on Check Endorsement (032-06-118) is available at <http://localagency.dss.state.va.us/divisions/bp/tanf/forms.cgi>.
2. Once the application has been approved for payment, an emergency payment will be issued to a client who is in dire need at the time of initial application.

* Code of Virginia, Section 63.2-323

3. When issuing a Full Employment Program (FEP) stipend or bonus payment, the replacement check must be a State-issued check. Do not issue a FEP replacement check from local funds, as no process exists to reimburse the locality.

502.6 INTRASTATE TRANSFERS -

A. Transferring the Case

When a recipient of TANF or TANF-UP moves from one locality to live in another within the state and there is no other change in his circumstances which would render him ineligible, he is entitled to receive assistance without a break. To assure the continuation of assistance without interruption, the following procedure must be used.

1. If the move is the result of the family seeking temporary shelter/housing in another locality within the State of Virginia and the family intends to return to the original locality, the original locality may, at its option, keep the case for up to two payment months. If the family has not returned to the original locality after the second payment has been issued, the case must be transferred in accordance with the procedures outlined below. In making a determination as to whether the original locality should keep the case, the agency should work with the unit and consider the distance of the move and any hardships that would be encountered by the unit in reporting changes, etc. and whether the unit is residing in a different locality grouping. If the case is retained by the original locality, the payment will be based on the payment level of the original locality.
2. If the move is permanent (i.e., the assistance unit does not intend to return to the original locality or if the agency determines that the case should be transferred during a temporary move), the locality from which the recipient has moved (the transferring locality) must, within five working days of notification, complete a desk review and forward the eligibility case record along with a Case Record Transfer Form (032-03-227) to the receiving locality if the case continues to be eligible. The case record must contain all verification and other documentation substantiating eligibility. The transferring locality must forward the entire case file to the receiving locality. If the transferring locality wishes to maintain a part, or all of the case file, they must copy the portion that they wish to keep, and forward all of the original case file contents to the receiving locality.

The eligibility case record must be sent by certified mail, or by a courier service which is under contract with the Department of Social Services, or delivered personally, to the receiving locality and a receipt must be obtained.

Note: If the transferring and receiving agency both use an electronic case record system, the transferring agency may send a compact disk of the case information if that is acceptable to the receiving agency.

If the receiving agency does not use an electronic case record system, the transferring agency must print the case information and send the documents to the receiving agency.

B. Transferring Agency Responsibility

The transferring agency must complete a desk review to assure the correctness of the next payment as the transferring locality is responsible for the accuracy of this payment. The desk review entails reflecting all changes known or reported prior to the recipient's move which affect eligibility or payment and any changes occurring as a result of the recipient's move. It also entails a review of the case to insure that any other follow-up or special reviews have been completed. If the case is overdue for review, the transferring locality does not have to complete a renewal prior to transferring the case.

Local social services agencies may not transfer TANF cases in the following instances:

- The case has a suspension status due to Interim Reporting.
- The case has a suspension status due to temporary ineligibility for any reason (one month).
- The case has a suspension status because net support is greater than the current TANF benefit.
- The TANF application is pending. The original agency must process the application. The agency must secure sufficient information to process the application unless the applicant elects to withdraw the application.

Cases that have been sanctioned for non-compliance with a VIEW requirement must be transferred.

The transferring agency must send the recipient a Notice of Transfer providing notice that their case has been transferred and listing the name, address, and telephone number for the receiving agency. If any changes during the desk review result in ineligibility or a decrease in the grant, procedures with respect to the Advance Notice of Proposed Action (032-03-018) are applicable.

The transferring locality will specify on the Case Record Transfer Form that the month following the month in which they send the form and case record to the new locality is the last month for which they will make payment. If the TANF case was receiving food stamps, the transferring locality must note the impact of the transfer on the food stamp case on the Case Record Transfer form. If the case is open to services, the transferring locality will immediately notify the service worker of the client's move and new address, and upon completion of the Case Record Transfer Form, will forward a copy to the service worker. Verification on changes which could not be made for the next payment, due to the advance notice requirements, will be included in the case record and will also be specifically noted on the Case Record Transfer Form under additional remarks. The receiving locality will take the necessary action to make the change(s) and send the Advance Notice of Proposed Action immediately.

Grant adjustments necessary to conform with the standard of assistance in effect in the locality to which the recipient has moved must be made effective for the month following the recipient's move. If the adjustment results in a decrease or termination of assistance, timely notice must be given to the client. It is the responsibility of the transferring locality to give timely notice. (See **502.6 D.2.** for detailed instructions regarding transfers between Loudoun County and other agencies.)

C. Receiving Agency Responsibility

The receiving locality is responsible for completing a desk review **within 5 working days of receiving the case and acknowledging receipt to the transferring agency using the Case Record Transfer form.** The desk review must insure that there continues to be an eligible child in the home, inquiry about new employment with earnings greater than 130% of the federal poverty level, and if a VIEW participant inquiry about reportable changes for VIEW. The receiving agency must impact these changes, affecting eligibility or payment for the first of the month following the month in which the transferring locality specifies as the last month they will make payment. This is the payment month for which the receiving locality will assume responsibility for the accuracy of the payment. If the receiving locality will not be approving the case, or will be approving it in an amount less than the prior payment, they are responsible for sending the Advance Notice of Proposed Action to the client.

There are no circumstances under which it is permissible for the receiving locality to return the case to the transferring locality (other than the recipient subsequently moving back to the original locality).

D. TRANSFER BETWEEN LOUDOUN COUNTY DSS AND OTHER LOCAL AGENCIES

If the receiving locality will make the next payment following the client's move, changes reflecting either a decrease or increase, caused solely by Loudoun County DSS meeting the standard of need, and the other not, must be made.

If, however, the transferring locality is going to make the next payment the following rule applies:

1. If the receiving locality is Loudoun County, the transferring locality shall not increase the reimbursable amount since it does not have local funds available for this purpose.
2. If the transferring locality is Loudoun County, the payment must be adjusted in accordance with the payment policy of the receiving locality.

E. HANDLING OF APPEALS

1. If the desk review done by the transferring locality results in a determination of ineligibility, that locality will close the case. When the appeal is validated, the transferring locality will reinstate the grant in the original amount (if client remains in same group) or the amount appropriate to the locality in which the recipient is living. The case should then be transferred to the new locality advising them that there is an appeal in process. When the appeal decision is final, the transferring locality will immediately notify the new locality of the appeal decision so that the appropriate action can be taken. If the case continues to be eligible, the receiving locality will be responsible for recouping any overpayments, **by establishing the claim in ADAPT entering the FIPS code for the agency where the overpayment occurred. The FIPS for an agency other than the current FIPS can only be entered during the calculation of the overpayment on BAT185 (Benefit Adjustment 185% Income Test).** If the case is found to be ineligible, the transferring locality will be responsible for recovering any overpayments.
2. If the desk review done by the transferring locality results in a reduction of payment, and the client appeals the action, the appeal will be against the transferring locality, but the locality who is making the next payment will be responsible for restoring the grant to the correct level. The transfer procedure is to proceed as usual.

The Regional Hearings Officer will send the receiving locality a copy of the appeal validation and notify them as to the original amount of assistance which must be restored. If the case continues to be eligible, the receiving locality will be responsible for recouping any overpayments. If the case is found to be ineligible, the transferring locality will be responsible for recovering any overpayments.

3. If an appeal is filed due to a decrease resulting from adjustments in the standards of assistance, the hearing will be ALLOWED.

F. MEDICAID COVERAGE

To assure continued Medicaid coverage the transferring locality must immediately change the mailing address in the Medicaid computer as soon as the change is reported. The current city/county code is to be changed simultaneously with the forwarding of the case record and THE REQUEST FOR TRANSFER ACCEPTANCE to the receiving locality.

G. SITUATIONS AFFECTING THE TRANSFER PROCESS

1. Subsequent Moves During the Transfer Process - If the recipient moves to a third locality before the receiving locality can complete their redetermination, the redetermination does not have to be completed. The procedures outlined earlier in this section will be followed to effect this subsequent transfer.
2. Reapplications in Another Agency After Case Closings - If a former recipient of ADC reapplies in another locality, that locality may request the case record from the former locality. The former locality must comply with this request and forward the case record to the requesting locality within five working days of receipt of the request. The former locality should retain the financial and statistical forms.
3. Applicant Moving to Another Locality within the State - In the event an applicant moves to another locality, with the intent to remain there, prior to completion of the initial determination of eligibility, the agency **must process** the application. **If eligibility exists, the case must be transferred following policy under Transferring Agency Responsibilities (502.6.B.). If the application is denied, the agency will notify the applicant using the Notice of Action.**

Note: There are no provisions for interstate transfer of cases. If a recipient moves to another state, assistance must be terminated and timely notice sent advising the recipient of the case action.

502.7 PROTECTIVE AND VENDOR PAYMENTS - According to federal regulations* protective and or vendor payments are to be made in TANF cases in the following situations:

A. Need for Protective or Vendor Payment -

1. The use of a protective or vendor payment is appropriate only when there is specific evidence that funds are being mismanaged in such a way that the well-being of the child(ren) is threatened, in making diversionary assistance payments, or if the caretaker who is on probation or parole fails a drug test.**
 - a. Prior to making a determination of mismanagement, the following conditions must be considered:
 - 1) whether the family has experienced some emergency or extraordinary event for which it was appropriate for available funds to be spent;
 - 2) whether expenses for necessary bills exceed the recipient's grant and other income;
 - 3) whether the recipient has withheld the payment as a reasonable exercise of consumer rights when there is a legitimate dispute as to whether terms of an agreement have been met.

The above-mentioned conditions or any other relevant consideration would not be just cause for making a protective or vendor payment.

- b. A protective or vendor payment should ordinarily be made only when a grantee-relative has persistently demonstrated an inability to manage funds in the best interest of the child(ren) and when continued receipt and management of the TANF check would represent a threat to the health or safety of the child(ren).

Evidence of mismanagement includes but is not limited to:

- 1) continued evidence that the child(ren) is not properly fed or clothed and that expenditures for the child(ren) are made in such a way as to threaten the child's chances for healthy growth and development.
 - 2) persistent and deliberate failure to meet obligations for rent, food, school supplies, and other essentials.

Protective payments are not to be used in situations where hazardous conditions other than misuse of funds, jeopardize the child's well-being to the extent that court adjudication of custody should be sought. (In such instances, when custody is placed with the local board, the child will be eligible for AFDC-FC.)

* 45 CFR 234.60

** Code of Virginia, Section 63.1-105.8

The TANF case record must contain a statement indicating the specific reason(s) why a protective or vendor payment is being made.

In the event a creditor requests that a protective or vendor payment be made as a result of nonpayment of bills, the recipient must be advised of the request. The agency shall notify the recipient in writing that the creditor's request will not be honored.

Where no other suitable protective payee can be found, it may be necessary for a staff member of a private agency, the local welfare department/social services or other appropriate organization to serve as protective payee. Such a staff member must be a worker providing services (not eligibility determination) for families. If a staff member is designated as protective payee, provisions for bonding this employee must be made.

2. Under the TANF program, protective or vendor payments are to be made when the applicant for or recipient of TANF fails to cooperate in establishing paternity, locating absent parents and or securing support unless the local agency cannot, after reasonable efforts, locate an appropriate individual to act as protective payee. The local agency is responsible for defining what constitutes reasonable efforts. The case record must be documented. The amount of the assistance payment is to be determined without regard to the needs of the caretaker-relative and the entire amount of assistance will be provided in the form of protective and/or vendor payments in cases where a protective payee has been located. For cases where the agency is unable to locate a protective payee, the individual's needs will not be considered in determining the amount of assistance; however, the applicant/recipient will continue to receive the payment on behalf of the remaining unit.
3. Unless a minor parent (on his/her own case) meets an exception to the residency requirement and lives independently, protective payments are to be made in these cases. Protective payments are to be made to the minor parent's parent, or person standing in loco parentis.

* 234.60(a)(2)(iii)

4. Vendor payments are to be made in diversionary assistance payments whenever possible.
5. If a TANF caretaker who is on probation or parole fails a drug test, the probation or parole officer will notify the local department of social services. Upon receipt of such notification, protective payments must be arranged as soon as administratively possible. The protective payment arrangement shall remain in place for one year, provided the caretaker does not fail a subsequent drug test.*

B. Procedures for Making Protective or Vendor Payments

1. In protective situations, the superintendent or local board may take actions to designate a protective payee to act for the recipient in receiving and managing the total assistance payment.

The protective payee should be a person who is interested in or concerned with the welfare of the grantee-relative and his child. The selection of the protective payee should be made by the grantee-relative, or with his participation and consent insofar as possible.

The local department must have evidence that such protective payee has the ability and will in the best interest of the grantee-relative and his child. The agency will take appropriate action to protect recipients when it appears that problems are beyond the capacity of the protective payee to handle.

The protective payee must not be executive head of the local department of social services; the person determining financial eligibility for the family; the special investigator or member of the staff handling fiscal processes related to the recipient; the landlord; grocer, or other vendor of goods and services dealing directly with the recipient. Additionally, service workers, private agency staff, and staff of other organizations can only serve as protective payees in situations per 502.7.A.1. or 502.7.A.5.

2. In some situations, it may appear more appropriate to make certain portions of the assistance payment to a vendor, continuing to make the remainder of the grant to the family. vendor payments may be made in TANF to appropriate persons providing goods and services, with the selection of such person being made by the recipient or with his participation and consent insofar as possible.

The local department must have evidence that vendors have the ability and will act in the best interest and protection of the grantee-relative and his child.

Authorization for vendor payments will be made according to current local agency procedures.

- C. Provision of Services - In protective situations referral to social services staff must be made, to assure protection of recipients, where problems and needs for services are obviously beyond the ability of the protective payee to handle.
- D. Periodic Review of Need for Protective or Vendor Payment - A review of the need for protective or vendor payments in behalf of children and of the way in which a protective payee's responsibilities are being carried out will be made as frequently as indicated by the individual circumstances and at least every six months, or 12 months if appropriate. This review can be coordinated with the eligibility **renewal**. When the protective or vendor payment is made in accordance with Support Enforcement Program, the review is only to assess the way in which the protective payee carries out his/her responsibility. The need for such payment is already established.

Appropriate controls are to be established by the local department to insure that cases are reviewed within the specified period. The case narrative should include an evaluation of the situation at the time of review and a statement of the basis for the decision at that time to continue or to terminate protective or vendor payments.

- E. Termination of Protective and Vendor Payment - Provision is to be made for appropriate termination of protective or vendor payments as follows:
1. When the grantee-relative is considered able to manage funds in the best interest of the children, there will be a return to money payment status.

When it appears that the need for protective payment will continue or is likely to continue beyond two years, because all efforts have not resulted in sufficiently improved use of assistance in behalf of the children, judicial appointment of a guardian or personal representative will be sought. When such an appointment has been made, payment will be made to the guardian or personal representative.
 2. Protective or vendor payments made on the basis of a caretaker-relative's failure to cooperate in establishing paternity, locating absent parents or in securing support, will be terminated with a return to money payment status only when the caretaker-relative complies with these conditions of eligibility.
 3. Protective payments made on the basis of a caretaker's failed drug test will be terminated after one year.
- F. Right of Appeal - Opportunity for a fair hearing will be given any recipient:
1. In relation to the determination that protective or vendor payments should be made or continued, or

2. In relation to the payee or vendors selected.

The recipient is to be advised of his right of appeal when the determination is made that a protective or vendor payment will be initiated and at the time of any change in payment status.

- G. Safeguarding Information - Release of information to the protective payee from the public assistance record must be confined to those facts about the family members and their situation that are pertinent to the fulfillment of the payee's responsibility in the home. Information from the social history of the case, such as the legitimacy of children, circumstances of previous marriages, facts concerning relatives of the recipient, medical data, etc., should be disclosed only when required for the welfare of the family or the protection of the protective payee. The information shared may vary according to the type of help offered the family and the payee's personal or professional qualifications.

503.1 DEFINITION OF IMPROPER PAYMENT - A TANF payment made by a local department is improper when the payment is incorrect because: (1) the assistance unit does not meet eligibility requirements in the category (payment to an ineligible case); or (2) payment is in an amount greater than the amount to which the assistance unit is entitled under established policy (overpayment); or (3) payment is in an amount less than the amount to which the assistance unit is entitled under established policy (underpayment); or (4) **a VIEW participant is found to have committed an IPV for receiving a payment or purchase on his behalf which is in an amount greater than what he is eligible for or for which he is ineligible.***

Improper payments may occur as a result of overdue reviews or other agency errors or because of erroneous or incomplete information supplied by the client. Improper payments may be revealed by several sources, not necessarily limited to the following: Local Agency Reviews, Quality Control Reviews, Federal Program Reviews, Fair Hearings, or earnings reports furnished by the Virginia Employment Commission.

503.2 STATUTORY PROVISIONS FOR REFUND OF OVERPAYMENTS AND PAYMENTS TO INELIGIBLES - In the operation of any program of public assistance in any locality, for which program appropriations are made to the Department of Social Services, it is provided that if a payment or overpayment is made to an individual who is ineligible therefore under federal and/or State statutes and regulations, the amount of such payment or overpayment shall be returned to the Department of Social Services by the locality. However, no such repayments may be required of the locality if the Department determines that such overpayment or payments to ineligible resulted from the promulgation of vague or conflicting regulations by the Department's Central or Regional Offices or from the failure of either of the offices to make timely distribution to the localities of the statutes, rules, regulations, and policy decisions causing the overpayment or payments to ineligible to be made by the locality. Further, no such repayment will be required from situations where a locality exercised due diligence, yet received incomplete or incorrect information which caused the overpayment or payment to ineligible(s). If a locality fails to effect the return, the Department of Social Services shall withhold an equal amount from the next disbursement made by the Department to the locality.**

The criteria used for determining if a locality exercised due diligence are as follows:

- A. A redetermination was not outstanding (overdue) in the case in question unless:
 - 1. The agency has received permission from the State to suspend reviews, or
 - 2. It can be shown that the error was the result of the client willfully withholding information which would not have been discovered by verifications required at the time of the review, or
 - 3. The error had not occurred at the time of the scheduled review.

* 2002 Acts of Assembly, Item 362

** Acts of Assembly, Appropriations, Budget Bill

- B. The error was not the result of an anticipated change that was overlooked.
- C. The error was not the result of the client reporting a change that the agency failed to follow-up on.
- D. The error was not the result of failure to use available management tools.
- E. The case record must be thoroughly documented regarding efforts to obtain information.

503.3 PERIOD SUBJECT TO REPAYMENT Overpayments and payments to ineligibles which shall be repaid to the State will be assessed for each month (effective April 1, 1973) in which the recipient fails to report earned or unearned income from a new source or other changes, such as composition of the assistance unit, etc.; for each month the agency failed to take appropriate action within the time limit specified on a change reported by the recipient; or for any incorrect payment which is identified by Quality Control.

503.4 COMPUTATION OF REPAYMENT Standards and policies which are in effect at the time of the improper payment shall be used in determining the amount of repayment to be made. A standard and/or a policy is considered in effect in relation to a specific case after the date when (1) a standard or policy has become effective by State Board action in all cases or (2) a standard or policy has become effective in new and reviewed cases and the particular case is (a) a new case, (b) a case in which a review is due or (c) a case in which a change in circumstances has necessitated a partial review. Exception: Recoupment/recovery policy in effect at the time of discovery of the overpayment(s) is to be used in determining the amount to be repaid.

When an overpayment to an ineligible has been identified by the state or federal agency, a report is submitted promptly to the local department. Ten (10) working days, from the date the report was sent to the locality, is allowed for the agency to concur or register its exception to the findings with the regional office utilizing the concurrence memo. The regional office will provide an opportunity for resolution of the differences and render decisions within thirty (30) working days. The resulting decision is subject to appeal to central office. However, only appeals in which the final decision was not made in accordance with established policy will be accepted.

503.5 - REPAYMENT PROCEDURES - The local department must notify the Division of Finance of the TANF/VIEW overpayment by entering the overpayment information into Application Benefit Delivery Automation Project (ADAPT).

If the overpayment was caused by agency error, it must be entered into both ADAPT and the Locality Automated System for Expenditure Reimbursement (LASER). The Division of Finance will deduct the amount from the next reimbursement made to the locality.

When an overpayment is keyed in ADAPT, the FIPS entered must always represent the originating locality. The originating locality is the locality in which the overpayment occurred. An agency entering a claim in ADAPT, where the overpayment occurred in another agency must enter the originating FIPS on BAT185 (Benefit Adjustment 185% Income Test). This must be done before keying the overpayment information on BATAOC (Create Overpayment/Claim).

503.6 - WAIVER OF CERTAIN OVERPAYMENTS - Federal regulations allow certain overpayments to individuals no longer receiving assistance to be waived (temporary delay).*

- A. Overpayment Less than \$35 - All overpayments to individuals no longer receiving assistance which are less than \$35 are to be waived after the local agency has: 1) notified the individual, or attempted to notify the individual if his/her whereabouts are unknown, in writing, that an overpayment has occurred which must be repaid; and 2) the individual fails to respond or refuses to cooperate with the request for repayment. No further action to recover the overpayment is to be taken. The case record must be documented. (NOTE: The agency must allow at least 10 days from date of mailing for the individual to respond to the request for repayment prior to waiving recovery of the overpayment.)
- B. Overpayments of \$35, or More - In situations where the outstanding overpayment of TANF/VIEW to an individual no longer receiving assistance is \$35, or more, the local agency may waive collection of the overpayment after reasonable efforts to recover the overpayment have been taken and it is determined that further efforts would not be cost-effective. The agency must notify the individual that an overpayment has occurred, which must be repaid, by sending a letter requesting repayment to the individual's last known address. In order to demonstrate reasonable efforts, the agency must take the actions listed below. The actions must be taken in the following order; however, the agency may evaluate whether further efforts would be cost-effective after any one of the actions to collect the overpayment is unsuccessful.
 - 1. Attempt to locate the individual. If the individual's present whereabouts are unknown and attempts to locate the individual has been unsuccessful, the case record must contain documentation of attempts made to locate the individual, such as mail returned to the local agency;
 - 2. Determine that the former recipient has no means with which to repay the overpayment. The case record must contain documentation of evidence used by the agency to determine the individual has no income or cash reserves;

* 45 CFR 233.20(a)(13)(vi)

3. Discuss methods of repayment with the individual. If the individual refuses to cooperate, secure a written statement from the individual that he refuses to repay the overpayment.

Once reasonable efforts to collect the overpayment have proven to be unsuccessful, the agency must document the case record with evidence that further recovery efforts would equal or exceed the amount of the overpayment. Such evidence may include the cost of staff time, the cost of legal/attorney fees, or any other evidence the agency has which demonstrates that further recovery efforts would not be cost-effective. The agency head, or his designee, will make the final determination as to whether further efforts would be cost-effective.

- C. Retention of Information - The agency must maintain information on individuals no longer receiving assistance who received an overpayment which was waived, including overpayments less than \$35. The agency must initiate recoupment procedures should one or more of those individuals again be found eligible to receive assistance.
- D. Intentional Program Violation (IPV) - In situations involving a TANF/VIEW IPV, the agency must make every effort to collect the overpayment regardless of the amount; the overpayment may not be waived. See Section 102 for policy on handling Intentional Program Violations (IPV).

503.7 - Calculating Overpayments - There are several factors which must be considered when calculating overpayments (IPV and non-IPV).

- A. Determination of Continued Eligibility - When any change in circumstances which caused an overpayment is still in effect at the time of discovery, the agency must first prospectively determine the client's continued eligibility.
- B. Determination of When the Overpayment Began - The worker is to determine when the overpayment began and secure all verifications necessary to calculate the overpayment. The overpayment began in the month the change occurred if the source of the overpayment is:
 1. SSN or application for a SSN for a newborn
 2. the receipt of a lump sum which did not meet the reported timely requirement or when combined with other income is less than 100% of need,

If the overpayment is the result of any other factor, excluding the receipt of a lump sum which met the reported timely requirement or was equal to or more than 100% of need, the overpayment began the month following the month the change occurred.

Assistance payments issued and payment reductions delayed as a result of the advance notice period are not overpayments. Refer to the examples below:

Example 1: On April 27, Mrs. Smith reports new employment. A prospective determination reveals that Mrs. Smith's May income is going to exceed need. Due to the advance notice period, the worker cannot close the case until June 1. The May payment is not an overpayment.

Example 2: On August 5, Ms. Carter reports her new job. Although the information is reported timely, the agency fails to take action to reflect the anticipated income for September. Since the reason the September payment was not reduced or terminated was because of the agency's failure to act and not the advance notice requirement, the September payment is an overpayment which must be recouped/recovered.

- C. Impact on Earned Income Disregards When Calculating Overpayments - When calculating overpayments which are the result of the customer's failure to timely report receipt of earned income, the earned income disregards are not to be allowed in the 185% **screening but are allowed in the** standard of assistance screenings, **and** in determining the amount of the correct payment.

The earned income disregards are applied in accordance with Sections [305.1.A and B.](#), when calculating an overpayment resulting from:

- the agency's failure to act on a change in earned income which was reported timely,
- any action which cannot be taken due to the advance notice period, or
- payments issued pending an appeal decision.

- D. Support Related Overpayments - When an overpayment occurs which is the result of the client's failure to redirect support, the client's needs are not to be removed for purposes of calculating the overpayment.
- E. Income Related Overpayments - The local agency must determine the correct amount of the payment the assistance unit should have received for those months the assistance unit actually received an overpayment.* Using conversion factors of 4.3 and 2.15, if appropriate based on Section 305.1.B.2.b, screen the income at 185% and at the standard of assistance to determine the monthly payment amount. In cases involving changes required to be reported or payments made pending an appeal decision, the local agency must determine the month that the overpayment initially occurred and all other months as follows:

1. If, due to a misunderstanding or inadvertent error on the part of the assistance unit, an assistance unit failed to report a change in its circumstances within 10 days of the date the change became known to the assistance unit, the first month of an overpayment will be the first month in which the change would have been effective had it been reported in a timely manner.

The local agency may not determine as the first month in which the change would have been effective, any month later than two months from the month in which the change in income occurred, unless it is determined that a verified disability affected the person's ability to understand the reporting rule. In that situation the local agency worker has the discretion to determine that the overpayment began at the time that the agency first learned about the overpayment or first determined that it had failed to act upon information correctly provided by the individual.

2. If the assistance unit reported a change within the prescribed time limits, but the local agency did not act on the change timely, the first month affected by the local agency's failure to act must be the first month the local agency should have made the change effective. Therefore, if an advance notice was required but was not sent, the local agency must assume that the maximum advance notice period as provided in Section 401.4.C would have expired without the assistance unit requesting a fair hearing.
3. If prospectively ineligible, the full assistance payment is an overpayment.
4. If the prospective determination renders the case eligible, calculate each month's overpayment and apply earnings disregards as indicated in Section 503.7.C., if applicable.

- F. Overpayments Not Related to Income - If an overpayment is the result of any factor other than income, the overpayment is to be based on the actual circumstances of the case each month.

* 45 CFR 233.20(a)(13)

Example: In June the worker discovers that an eligible child left the home on August 5 of the previous year. The child should have been reported no later than September 10. Overpayments must be calculated beginning with the October payment. The overpayment amount is the difference between the grant received each month and the correct grant for the actual number of eligible members living in the household.

- G. Overpayments Resulting from Incorrect Composition of the Assistance Unit
When it is discovered that an individual required to be in the assistance unit is living in the home, it must be determined if an overpayment occurred. This determination is to be made as follows:

1. Redetermine eligibility for each month beginning with the month following the month the individual entered the home or was required to be in the assistance unit, including the individual's needs, and actual income. Any resulting overpayments must be recouped/recovered.
2. If during the period in which the individual was required to be in the unit he had no income or his needs exceeded his income, an underpayment has occurred only for the months in which all categorical requirements were met and the conditions of eligibility are retroactively deemed to be met per Section 401.2.B.2.c. (See Section 503.9.)

- H. Total support collected by DCSE, as identified on the Notification Report, must be deducted from TANF overpayments.

Example: A \$354 TANF payment was made for the month of April which included a \$100 Match Payment. The amount subject to recoupment is \$254, minus total support collected by DCSE in April (the month the overpayment occurred), which was \$75; therefore, the April overpayment is \$179.

- I. In localities meeting the standard of need, only the standard of assistance State/federal share of the TANF overpayment is to be reported to Financial Management. Each locality is then responsible for recovery of the local share of the overpayment directly from the client.
- J. Calculating a VIEW Overpayment - A VIEW overpayment occurs when a VIEW participant **is found to have committed an IPV for receiving** a payment or purchase on his behalf which is an amount greater than what he is eligible for or for which he is ineligible.

The worker must determine if the participant is still eligible for services and determine the correct cost of the services that the participant would continue to receive. **The case record must be documented with information to support the establishment of the claim or the reason for not establishing the claim.**

Example: The agency gives the client a \$50 voucher for work clothing. The client changes the amount to \$500 and the vendor honors the voucher. There is an overpayment of \$450.

Determination of When the Overpayment Began - The agency is to determine when the overpayment began and secure all verifications necessary to calculate the overpayment. The worker is to use the best available evidence including, but not limited to:

1. past and existing vouchers from vendors that were paid in the period that the overpayment occurred,
2. the history of payments for supportive or transitional services that were paid for by the local agency in the period that the overpayment occurred and,
3. the amount calculated starting 10 days from when the client had knowledge of the information.

When calculating the overpayment amount the worker is not to include any amounts that the individual paid toward services that were provided in the period the VIEW overpayment occurred.

Note: The client is to repay the calculated amount unless the court orders differently.

503.8 RECOUPMENT AND RECOVERY OF OVERPAYMENTS - State Board policy, adopted in accordance with federal regulations,* requires the local department to promptly recoup or recover any overpayments including overpayments resulting from assistance paid pending hearing decisions. Repayment by either a former or current recipient of the overpayment can occur through recoupment or recovery or both. The agency should discuss voluntary repayment with the client prior to initiating a recoupment.

A. Recoupment consists of withholding all or part of the assistance payment. An overpayment made to a current recipient must be recouped by reducing the amount of any future assistance payable to any assistance unit of which the individual is a member.

1. In situations where the client has no cash reserve or countable income (payment equals the Standard of Assistance for the AU), 10% of the assistance payment may be recouped until the overpayment has been repaid.

Example: Grant of \$320.00. Recoup 10%. New grant \$288.00.

* 45 CFR 233.20(a)(13)(i)

2. In situations where the client has earned income, unearned income, or any combination thereof, in addition to his assistance payment, part or all of the assistance payment may be recouped as long as the assistance unit retains at least 90 percent of the standard of assistance when the total gross income **and** the amount of the current grant **are** considered.
 - a. Determine the amount of the overpayment.
 - b. Combine all gross income (no earned income disregards apply) and the current grant.
 - c. Determine what 90% of the standard of assistance for a family of equal size in the same locality would be. This represents the amount of money the client must have available to live on.
 - d. The difference in Step b. and c. represents the client's ability to repay the overpayment.

The monthly assistance payment will be reduced according to (1) and (2) above until such time as the overpayment has been repaid. If, however, income and/or cash reserves have been counted in establishing the client's ability to repay, recovery of the overpayment may also be accomplished through voluntary repayment. This option is to be offered to the client prior to initiating a recoupment.

If recoupment reduces the grant to zero, the case will be retained as TANF eligible with no money payment.

- B. Recovery consists of making arrangements with a former or current recipient for voluntary repayment of all or a portion of the overpayment even though the client may no longer be eligible for assistance. If a former recipient fails to make the voluntary repayment, the agency must initiate action under Section 63.2-512, Code of Virginia, to collect the amount as a debt. Failure or refusal of a current recipient to voluntarily repay the overpayment will result in court action only when recoupment is not possible and, thus, precludes prompt correction of overpayments as described in 503.7D, i.e., no grant from which to recoup due to a deficit of less than \$9.50.
- C. RESPONSIBILITY FOR OVERPAYMENTS - The allowable amount of recoupment or recovery of the overpayment from the client is limited to the total amount of the overpayments.
 1. When TANF benefits are overpaid, the caretaker-relative of the assistance unit at the time the overpayment occurred shall be primarily responsible for repayment of the overpayment. If that particular caretaker-relative is not available, and his whereabouts are unknown, then the overpayment is to be recovered from the remaining members of the assistance unit.

The agency shall recoup or recover any overpayment from:

- a. The assistance unit which was overpaid.
 - b. Any assistance unit of which a member of the overpaid assistance unit has subsequently become a member.
2. When the overpayment is the result of intentional erroneous receipt of VIEW supportive or transitional services, only the VIEW participant is responsible for repayment. Other members of the assistance unit at the time of the overpayment are not liable for repayment of a VIEW overpayment.

The agency will only require payback from VIEW when there is a definable cost.

Outstanding overpayments must be recovered or recouped when a former recipient reapplies for assistance and is found eligible. The schedule of repayment is to be based on the current situation of the client.

- D. **PROMPT CORRECTION OF OVERPAYMENTS** - An overpayment must be recouped or recovered as soon as administratively feasible. One of the following actions must have occurred by the end of the calendar quarter following the quarter in which the overpayment was first identified.
1. Repayment must have already been accomplished.
 2. Action to locate and/or recover from a former recipient must have been initiated.
 3. Repayment from current recipient occurring either through recoupment or voluntary repayment.

If instances occur where none of the three actions have been taken by the time stated above, the overpayment must still be recouped or recovered.

If prosecution for an IPV occurs, then the amount of court ordered restitution will be the amount of the overpayment to be recovered from that case.

- E. **DETERMINING INTENTIONAL PROGRAM VIOLATIONS (IPV)** - A client error may or may not be an IPV, which exists when there is evidence clearly establishing that the recipient willfully withheld information or gave false information affecting his eligibility or the amount of assistance. (See Section 102 for further procedures.)
- F. **REPORTING OVERPAYMENTS** - In instances where the assistance payment is reduced or suspended to recoup an overpayment previously repaid to the State Department of Social Services, or cash amounts are received as recovery of money previously repaid to the Department of Social Services from local funds, an adjustment must be reported on **LASER** in order that the locality can recover local funds paid to the State. The amount of the deduction made from the current payment, the amount of the suspended grant, or the cash amount received as recovery should be shown as an addition to expenditures in **LASER**.
- G. **RETENTION OF OVERPAYMENT RECORDS** - All overpayment records must be maintained for three years after the claim is satisfied.

* 45 CFR 233.20(a)(13)(ii)

503.9 CORRECTION OF PRIOR UNDERPAYMENTS - Federal regulations require that, if a State Plan provides for recoupment/recovery of overpayments from the client, it must also provide for prompt correction of prior underpayments to current recipients and those who would be current recipients if the error causing the underpayment had not occurred.* Therefore, the agency is to correct any underpayment to any person who is currently in need, regardless of whether they are current recipients. (See 305.1.D.2.C.) The local agency shall notify a case not currently receiving assistance, in writing, of requirement to demonstrate their current need (that they would currently be eligible for **TANF** if they

applied) in order to receive underpaid benefits. Additionally, when the agency discovers that a household was incorrectly denied/terminated, the former applicant/recipient must provide verification that the assistance unit was actually eligible for each month subsequent to the incorrect denial/termination. An underpayment will only be calculated for each month such verification is provided.

When it is learned that an underpayment has been made as a result of any (client or agency) error, there must be correction of the prior underpayment by repayment to the client as follows:

1. The total allowable repayment to the client shall be the amount of the underpayments.
2. Retroactive repayment of prior underpayments shall be made either in one lump sum payment or by monthly installment payments to the client until the full allowable repayment is made. The method of payment is to be selected by the local agency.
3. The retroactive corrective payment shall not be considered as income in determining need and the amount of the continuing assistance payment for which the recipient is eligible in the month in which it is paid or the next following month. The **TANF** maximum payment may be exceeded by the amount of such corrective payment.

The agency must also correct outstanding underpayments to former recipients who have reapplied and are found to be eligible.

The above instructions are not applicable when a corrective payment is made as a result of an appeal to the State Board or a court decision. In such cases, the terms of the State Board decision or court order apply.

At the time a grant is made or increased for the purpose of correcting a prior underpayment, the recipient must be informed in writing of the purpose of this special allowance; the amount and the period for which it will be made; and the fact that it will automatically terminate at the end of the specified period. If this is done and the recipient, at the time the special allowance is terminated, appeals within the advance notice period, assistance need not be continued in the original amount.

503.10 OFFSETTING OVERPAYMENTS AND UNDERPAYMENTS - In cases which have both an underpayment and overpayment, the agency will offset one against the other in correcting the payment.

CHECK HANDLING INFORMATION AND PROCEDURES

This appendix explains check handling procedures for cancellation or re-issuance of returned checks, replacement of lost/stolen or mutilated checks, reimbursement of localities for locally issued checks, **mailing checks when a direct deposit did not post to client's account** and obtaining a copy of a cashed check. Note: The ADAPT transactions below indicate how to complete fields related to check handling procedures. Routine procedures for completing screens and transmitting to view the next screen have been omitted.

A. Glossary

1. ADAPT - The Application Benefit Delivery Automation Project.
2. **Direct Deposit - The process by which TANF benefits are electronically posted to a client's bank account.**
3. Cancelled Check - A cashable check that is returned to the State and redeposited in a State account. A check cannot be cancelled if it cannot be cashed, i.e., if there is a stop payment against the check, if the check has already been cashed or if the check is mutilated. When a check is cancelled, any recoupment is null.
4. EW - The eligibility worker or other local department of social services staff with check handling responsibility.
5. Forgery - A payee states that the signature on the back of a State check is not hers/his. The account of the first casher is debited, and the money is deposited into a special State account.
6. FPU - Fiscal Processing Unit. The FPU is the unit within the State Department of Social Services, Division of Finance, that processes returned/undelivered checks, lost/stolen checks, cancelled, and mutilated TANF checks.
7. Fraud - The payee signs affidavits stating she/he did not cash the State check, but the payee has cashed or cashes the check or receives benefit of the check. The local agency must get local money back from the payee if any was given to the payee.
8. LASER - The Locality Automated System for Expenditure Reimbursement.
9. LDSS - The local department of social services.
10. Mutilated Check - A check is mutilated if it cannot be cashed, i.e., the magnetic ink has been torn, the amount or payee has been tampered with, or if 1/2 of the check cannot be recovered. If less than 1/2 of the check can be recovered, Stop Payment procedures must be followed.
11. Payment History - A history in ADAPT of the payments received by a case.

12. Replacement Check - A local or State check that is written to the payee to replace a State check that is mutilated or has a stop payment placed against it. The local agency that wrote the original check is the only local agency that can write such a check.
13. Specific Payment Inquiry - Information specific to an individual payment on the Payment History.
14. Stop Payment - An action placed against a check so that it will not be honored, i.e., in the case of a lost/stolen or mutilated check. The check is stopped, not the payment to the client. Recoupment is not affected. A local or State check generated through ADAPT should be issued to the payee.
15. VACIS - The Virginia Client Information System (VACIS) accessed by FPU to send and receive check status information. Codes entered into VACIS by FPU are communicated to the ADAPT check handling screens.

B. TANF Checks - Schedules and Mailing Information

1. Mailing - State-generated TANF checks are mailed by the State Treasurer's Office. The check date is the mailing date.
2. Monthly Cycle - Ongoing State-generated TANF checks to be issued/mailed on the first of each month.
3. Daily Cycle - Initial and supplemental checks generated by the State.

C. Undelivered Check Procedures

1. Check Returned to VDSS by the Post Office

Responsible
Party

Action

- | | |
|-----|--|
| FPU | <ul style="list-style-type: none">▪ As soon as a check is returned to VDSS, FPU updates the VACIS check status screen to flag the check with a "U" code (Undelivered).▪ This updates the Public Assistance Payment History (CHPAH1) screen in ADAPT, notifying the EW that the check has been returned to the State and places an entry on the PA Check Actions Required Inquiry screen of the LDSS. To view, sign on to VACIS and enter the parameter string "PAACTQ."▪ <u>Note</u>: If action is not taken by the locality within 10 calendar days from the handling date shown on CHPAH1, the check will automatically be cancelled by FPU with a CA1 code. |
|-----|--|

a. To remail the check:

Responsible
Party

Action

- | | |
|------|---|
| LDSS | <ul style="list-style-type: none">▪ The EW accesses the ADAPT Main Menu, selects Option 8, Check Handling Menu (CHMENU), then selects Option 2 on CHMENU, Check Status Update.▪ The Public Assistance Payment History (CHPAH1) screen is presented. The EW enters "Y" beside the check to be remailed.▪ This brings up the Check Status Update (CHSTAT) screen. The EW completes the Status Update Reason Code, entering "D01" to mail the check to the same address, or "D02" and the new address to mail the check to a new address. This information is sent to FPU through VACIS. |
| FPU | <ul style="list-style-type: none">▪ FPU checks the VACIS PA Check Actions Required Inquiry screen at least daily and, upon receipt of notification, remails the check and clears it from VACIS. The action in VACIS updates the Public Assistance Payment History (CHPAH1) in ADAPT to show the check status as "Remailed." |

b. To cancel the check:

Responsible
Party

Action

- | | |
|------|---|
| LDSS | <ul style="list-style-type: none">▪ The EW accesses the ADAPT Main Menu, selects Option 8, Check Handling Menu (CHMENU), then selects Option 2 on CHMENU, Check Status Update (CHSTAT).▪ The Public Assistance Payment History (CHPAH1) screen is presented. The EW enters "Y" beside the check to be cancelled.▪ This brings up the Check Status Update (CHSTAT) screen. The EW completes the Status Update Reason Code, by entering the appropriate cancellation code. This information is sent to FPU through VACIS advising them to cancel the check. |
| FPU | <ul style="list-style-type: none">▪ FPU checks the VACIS PA Check Actions Required Inquiry screen at least daily and, upon receipt of notification, cancels the check and clears it from VACIS. The action in VACIS updates the Public Assistance Payment History (CHPAH1) in ADAPT to show the check status as "Cancelled." |

2. State Check Returned to LDSS

Responsible
Party

Action

LDSS

- When a check is returned to the LDSS, it must be cancelled. The EW must stamp the back of the check with the agency stamp and return it to FPU with a note to cancel the check and stating the reason the check was returned.
- Note: Do not write VOID on the check.

FPU

- FPU cancels the check and updates the Public Assistance Payment History (CHPAH1) in ADAPT to show the check status as "Cancelled."

3. Check Reported Undelivered by Payee

Responsible
Party

Action

LDSS

- When the payee reports nonreceipt of the check, the EW determines if the payee has moved since the last check was received.
- If the payee has moved, he/she should inquire at the former address about the delivery of the check there. The EW must immediately update the address section of the Case Information 1 (AECASE) screen to ensure that future checks are sent to the new address.
- If the payee has not moved, ask him/her to watch for the postal carrier the next day and inquire about the check delivery.
- The EW must verify that the check in question was issued. To do this, access Option 8 on the ADAPT Main Menu to bring up the Check Handling Menu (CHMENU). On CHMENU, access Option 1, PA Payment History Inquiry. This presents the Public Assistance Payment History (CHPAH1) screen where the status of the check is displayed.
- Note: The EW must check the Public Assistance Payment History (CHPAH1) at least daily.
- If ADAPT shows a check was processed, follow the lost/stolen procedures.
- If ADAPT shows anything other than processed, follow the procedures for that status.

4. Check Reported Lost/Stolen by Payee

a. The payee reports nonreceipt of a TANF check:

Responsible
Party

Action

- LDSS
- The pay FIPS reflected on the Public Assistance Payment History (CHPAH1) is the LDSS responsible for the check, regardless of the present locality of residence. The locality will request the stop payment, issue the replacement check, and correspond with FPU for that check. **Note A FEP recipient check must be a State-issued check. If locally written, no reimbursement is available.**
 - Before initiating any action, the EW must look up the payment history to be sure a check was written and sent and to make sure that the check has not been cancelled, undelivered, re-issued, mutilated or stopped. If any of these appear, refer to the appropriate procedures.
 - To check the payment history, access Option 8 on the ADAPT Main Menu to bring up the Check Handling Menu (CHMENU). On CHMENU, access Option 1. This presents the Public Assistance Payment History (CHPAH1) screen where the status of the check is displayed. To view payment details, enter a "Y" beside the lost/stolen check and the PA Specific Payment History (CHSPHS) screen will display.

a. Obtain signed affidavits:

Responsible
Party

Action

- LDSS
- If a check was issued, have the payee complete and sign **three** State affidavits (Form 032-06-118/3). Both the front and back of the affidavits must be completed. The affidavits must be notarized and stamped with the notary seal.
 - If the affidavits are incomplete, incorrect, or are photocopies, FPU will return them to the LDSS for correction. FPU will not make corrections to the forms. **All three** affidavits must be original copies with an original signature.
 - Note: The payee for the check is the only person allowed to sign the affidavits. If the payee and recipient are two different people, be sure the payee is signing the affidavits.

Responsible
Party

Action

LDSS

- Send **two of** the affidavits to the FPU in a large envelope. The affidavits must not be folded. Send the affidavits via overnight pouch to:

Margretta Patterson
VDSS Central Office
Division of Finance
Fiscal Processing Unit

- **File the third affidavit in the eligibility record.**

b. Enter stop payment request in ADAPT:

Responsible
Party

Action

LDSS

- After the fourth mail delivery day from the check date (same as the mail date), if the payee still has not received the check and the check has not been reported by the FPU as undelivered, initiate action to stop payment.
- Note: If the payee reports that the check has been lost or stolen after receipt, the stop payment procedures still apply.
- The EW accesses the ADAPT Main Menu, selects Option 8, Check Handling Menu (CHMENU), then selects Option 2 on CHMENU to access the Public Assistance Payment History (CHPAH1) screen.
- On CHPAH1, place a "Y" in the field beside the TANF check for which the stop payment is appropriate. This brings up the Check Status Update (CHSTAT) screen.
- On CHSTAT, enter the appropriate stop payment code in the Status Update Reason Code field. Note: A supervisor must authorize this function.
- This information is sent to the FPU PA Check Actions Required Inquiry screen, notifying FPU of the stop payment request.
- Under no circumstances should an LDSS request a stop payment without having two completed affidavits with original signatures. An LDSS that requests a stop payment without first obtaining affidavits risks nonreimbursement of a locally issued replacement check.

Responsible
Party

Action

- | | |
|-----|---|
| FPU | <ul style="list-style-type: none">▪ FPU checks VACIS at least once a day for stop payments initiated by the LDSS.▪ Upon receipt of two correctly completed affidavits and the stop payment request through ADAPT, FPU takes action to stop payment on the check, then updates the Public Assistance Payment History (CHPAH1) screen to show the check status "Stop Resolved."▪ <u>Note: Only after the check status on the PA Payment History (CHPAH1) has been changed to "Stop Resolved" can a State check be written or a locally written check be reimbursed.</u> |
|-----|---|

D. Checks Lost by First Casher After Check Is Cashed by Payee (e.g., Fire, Robbery, or Employee Error)

Responsible
Party

Action

- | | |
|------|---|
| LDSS | <ul style="list-style-type: none">▪ Affidavits are not required from the payee. However, for the locality's own protection, it is recommended that the payee sign a statement that he/she did cash the check at the casher's and did receive the amount of the check. Have the statement signed by a notary and keep it in the case folder.▪ Enter a stop payment request in ADAPT and write a letter of explanation to the FPU. The letter must be on LDSS letterhead and include the check/warrant number, case number, payee name, date, and amount of the check. A copy of the payment history can be used to provide the identifying information. |
| FPU | <ul style="list-style-type: none">▪ Upon receipt of the explanation, FPU takes action to stop payment on the check, then enters the appropriate stop payment code in VACIS. This, in turn, updates the Public Assistance Payment History (CHPAH1) to show the check status "Stop Resolved."▪ The LDSS must then issue a local check to the casher and record the check in ADAPT using Option 4 on the Check Handling Menu (CHMENU). This information is transmitted to the F10.2 report. Upon receipt of the report by the LDSS, the check information must be entered in LASER. The LDSS will be reimbursed via electronic transfer. |

E. Mutilated Checks

Responsible
Party

Action

- | | |
|------|--|
| LDSS | <ul style="list-style-type: none">▪ The pay FIPS reflected on the Public Assistance Payment History (CHPAH1) is the LDSS responsible for the check, regardless of the present locality of residence.▪ If less than one-half of the check is recovered, follow stop payment procedures under "Lost/Stolen Check Procedures" in C.4.c above.▪ <u>Note:</u> A mutilated check cannot be cancelled.▪ If one-half or more of the check can be recovered and can be read, send the mutilated check to FPU. Attach a letter on LDSS letterhead explaining what happened and including all the identifying information on the check, i.e., case number, check/warrant number, name and address on the check, amount, check date and FIPS code on check. A copy of the payment history can be used to provide the identifying information. |
| FPU | <ul style="list-style-type: none">▪ FPU updates the VACIS PA Check Action Inquiry screen with stop payment code M01. This, in turn, updates the ADAPT PA Public Assistance Payment History (CHPAH1) check status to "Mutilated." |
| LDSS | <ul style="list-style-type: none">▪ The EW issues a local check to the payee. |

F. Lifting a Stop Payment Order

Responsible
Party

Action

- | | |
|------|---|
| LDSS | <ul style="list-style-type: none">▪ Telephone Margretta Patterson in FPU at (804) 692-2334 and request that the stop payment be lifted.▪ If the stop payment can be lifted and the LDSS has not issued a replacement check to the payee, the payee may cash the original.▪ If the stop payment can be lifted and the LDSS has issued a replacement check to the payee, retrieve the original State check from the payee. During the phone call to FPU, the LDSS will receive instructions concerning reimbursement if a local check was issued. |
|------|---|

G. Check Cashed After Stop Payment Placed Against Check

Responsible
Party

Action

- | | |
|-----|--|
| FPU | ▪ The bank voids the stop payment request if the check has been cashed on the same day. If the check is cashed the next day and the stop payment is in place, the cashier must request replacement from the recipient who received the cash. |
|-----|--|

H. Check Cashed Before Stop Payment Request

Responsible
Party

Action

- | | |
|------|---|
| FPU | ▪ The bank is checked for the status of the check. Fraud action will be initiated by FPU. |
| LDSS | ▪ The locality will issue the replacement check following procedures in C.4.c. above. |

I. Procedure to Ensure Reimbursement for a Locally Issued Check

Responsible
Party

Action

- | | |
|------|--|
| FPU | ▪ FPU receives the affidavits, determines they are correctly completed, and enters S84 or S86 into VACIS. This updates the check status on the Public Assistance Payment History (CHPAH1) screen in ADAPT. |
| LDSS | <ul style="list-style-type: none">▪ <u>After</u> FPU has updated the Public Assistance Payment History (CHPAH1) screen indicating a stop payment against the original check, a local or State replacement check may be written.• The EW then records the locally issued check using Option 4 on the Check Handling Menu (CHMENU). This information is transmitted to the F10.2 report and upon receipt in the LDSS must be entered into LASER. The LDSS will be reimbursed via electronic transfer. |

J. How to request a copy of a cashed check

Responsible
Party

Action

LDSS

- The LDSS sends a written request for a copy of a cashed check to the FPU. The letter must include the payee name and address, case number, warrant number, date of check and amount or send a printed copy of the payment history.
- Note on the request if a certified copy is needed for court and include the court date.

FPU

- Upon receipt of the request, the FPU will send a copy of the check to the LDSS.

K. How to Process a Direct Deposit Request

Responsible
Party

Action

Client

- The client must provide a completed and signed Direct Deposit Enrollment Authorization Form (#032-03-672) and a voided check.
- The client is to complete Section 1 of the form. Section 2 must be completed by the bank if the client does not have a voided check.

Eligibility
Worker

- The case must be in the Ongoing mode. The case name must be on the bank account. The bank account can be a checking or savings account.
- From the ADAPT Main Menu the Eligibility Worker will select Option 4, Case Utilities Menu (CUMENU). Transmit.
- Select Option 12, TANF Direct Deposit Information. Enter the ADAPT case number. Enter "U" (Update) in Access. Transmit.
- On the Case Utilities Direct Deposit (CUDDEP) screen, enter the Institution Name. The account name is pre-filled with the case name. Enter the Account Type, "c" (checking) or "s" (savings).
- Enter the Bank Routing number, which is found at the bottom left side of the voided check, or Section 2 of the Direct Deposit Enrollment Authorization form (032-03-672). Enter "vr" beside "V" for Verification.

TANF Transmittal 30

- Enter the bank Account Number. This is the second set of numbers at the bottom of the check to the right of the routing number or in Section 2 of the Enrollment form. Enter "vr" beside "V" for verification. The account number is separated from the routing number by a colon. Transmit.
- A pop up box will ask, "Do you want to print the letter?" This is the pre-note letter that is sent to the client informing the client that the request for direct deposit has been processed and instructing the client to check the account number and routing number to make sure the information is correct. If the information is not correct the client is to contact her Eligibility Worker.
- The worker will enter "y" to print the letter. Transmit.
- The direct deposit request is put into Pending status. Allow seven days for the direct deposit information to be verified with the client's bank. Once the information is verified as correct the direct deposit screen will become Active. The direct deposit Active Status communicates to ADAPT that this case is direct deposit.

L. Procedures to reissue benefits that did not electronically post (direct deposit) to client's bank account.

Responsible
Party

Action

- | | |
|-----------------------|--|
| FPU | ▪ As soon as a direct deposit is returned to VDSS, FPU updates the ADAPT check status screen to flag the direct deposit with CD1 (Cancel Direct Deposit). |
| ADAPT | ▪ ADAPT automatically updates the Public Assistance Payment History screen (CHSPHS) with information that the direct deposit returned to the state and places the entry on the worker's Action Due List Inquiry screen. |
| Eligibility
Worker | ▪ The EW must check the Local Action Due Inquiry Listing during the first five days of the month, and check the listing when a client reports her TANF benefit is not in her account. A direct deposit that did not post will be on the list with the code (CD1) Cancel Direct Deposit. The worker |

must take action to mail a check to all clients listed. To access the Local Agency Action Due Inquiry List, select option 8 from the ADAPT Main Menu. Transmit. Select option 8 Check Handling Action Due List. Transmit. **Note: When a direct deposit becomes CD1, the next month's benefit check will be issued to the client through the ADAPT system.**

The EW is to mail the client the Direct Deposit Closed Account/Incorrect Information letter (032-03-674). This letter is sent to the agency printer by ADAPT. The EW is to check the appropriate box on the letter for the reason the direct deposit did not post. The reason is located on the Direct Deposit Utilities (CUDDEP) screen and the PA Specific Payment History (CHSPHS) screen. The letter notifies the client that the direct deposit did not post to the client's account and for the client to contact the local agency. A copy of the letter is to be put into the client's file.

- The EW **may** issue the client a state check **or** local **check**. Select Option 9, TANF Benefit Adjustment from the ADAPT Main Menu. On the TANF Benefit Adjustment screen enter "u" in Access, enter 11 in Option, enter pay ID # and the month for which the check is requested. Transmit. Enter the appropriate information to issue the state **or** local check.

Note: Whenever the client changes the routing number or bank account number CUDDEP will be put into Pending. A new pre-note file will go to the client's bank. Allow seven days to verify the information. A new pre-note letter is sent to the client and a copy is put in the client's file.

M. How to cancel a direct deposit

Responsible
Party

Action

Eligibility
Worker

- Upon receiving a request in writing or the Direct Deposit Cancel Request form (032-03-675) completed by the client, the worker will access the ADAPT Main Menu. Select Option 4, CUMENU. Transmit. On CUMENU select Option 12, TANF Direct Deposit. On CUDDEP, press F5. A box will come up to ask you to confirm. Enter "Y" for yes. Transmit. (Note: If you enter "N" for no, no action will be done to the case.) The request to cancel the direct deposit must include the client's name, address, social security number, signature and date. The form is available at <http://localagency.dss.state.va.us/divisions/bp/tanf/forms.cgi>.
- Send the client the Direct Deposit Cancel Verification Letter (032-03-676). The letter is available at <http://localagency.dss.state.va.us/Divisions/bp/tanf/forms.cgi>.